

Idaho State University Risk Assessment

The following is a high-level summary of Idaho State University Internal Audit's risk assessment process. We conduct a comprehensive risk assessment every two years and then update the risk assessment with information obtained during the years the comprehensive risk assessment is not conducted. This risk assessment consists of multiple phases including:

Identify Auditable Entities

The first phase of the risk assessment is to develop an audit universe. Internal audit reviews University organizational charts to identify all academic, research, public service, administrative and auxiliary units. In addition, operational cycles, processes, compliance areas, and activities are identified. The most recent analysis resulted in a total of 122 auditable entities.

Issue Survey/Conduct Interviews

Internal Audit issues a 23 question survey to each entity director, chair or manager utilizing a web-based survey provider. Some surveys cover multiple entities as certain individuals oversee multiple departments, functions or processes. We offer face-to-face meetings for individuals who would rather not complete an online survey. The Internal Audit Director utilizes the same 23 questions when meeting with these individuals. Also, the director meets with the vice presidents to gather their input related to risks to the university.

Analyze Information and Develop a Risk Matrix

After receiving survey responses and completing interviews, responses to the survey questions are utilized to rate each entity based on ten risk factors. Also, Internal Audit utilizes analytical software to analyze financial data. Risk factors are prioritized based on significance or impact resulting in three primary and seven secondary risk factors including:

Primary

1. Management competence/interest (entity control environment)
2. Quality and adherence to internal controls
3. Fraud risk (either misappropriation of assets or fraudulent financial reporting)

Secondary

4. Amount of sponsored program activity
5. Public and political sensitivity (employee and government relations)
6. Size of budget/complexity of the activity
7. Degree of change or stability
8. Timing and results of last internal audit engagement

9. Level of compliance with SBOE and institution policies, laws, and regulations
10. Amount of external audit or regulatory oversight

Primary risk factors are assigned weights on a scale from two (less significant) to ten (more significant). Secondary risk factors are assigned weights on a scale from one (less significant) to five (more significant). Each entity is scored using a standardized risk factor key resulting in a maximum risk score of 65 and a minimum risk score of 13. A matrix is then created listing entities from highest to lowest risk based on total risk scores.

Select Audit Priorities

Additional considerations are utilized in selecting audit priorities including:

- An analysis of the likelihood and materiality of potential adverse events related to each entity
- Common risk concerns identified through the risk assessment survey and meetings with vice presidents
- Prior year external audit findings
- State Board of Education Audit Committee requests
- Prior investigations and complaints